CONTAINS CONFIDENTIAL INFORMATION SUBJECT TO A PROTECTIVE ORDER.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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ADVANCED ANALYTICS, INC.,   :

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  Plaintiff and Counterclaim-Defendant,   :   **No. 04 Civ. 3531 (LTS)**

                                        :

    vs.   :

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                                        :

CITIGROUP GLOBAL MARKETS, INC. f/k/a   :
SALOMON SMITH BARNEY, INC., and THE   :
YIELD BOOK INC, f/k/a SALOMON   :
ANALYTICS, INC.,   :

                                        :

  Defendants and Counterclaim- Plaintiff   :

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<u>NOTICE OF EXPERT TESTIMONY OF JIANQING FAN IN RESPONSE TO NOTICE OF EXPERT TESTIMONY OF MICHAEL JOHANNES, PhD., ANTHONY B. SANDERS. Ph.D. AND NATHANIEL POLISH, Ph.D.</u>

20. As shown in the Third ACE Test Chart, Ex.H, after correcting Defendants' tampering, the data analysis above indicates that ACE64 errors are uniformly smaller than Production200 errors, by approximately an order of magnitude. The law of square root inverse says that, to reduce the STD errors of Defendants' pseudo-random sequences of 200 paths by a factor of 10, Defendants would have to increase the number of paths by a factor of not just 10, but of 100, namely, Defendants would need to run approximately 20,000 paths. If it takes one hour for ACE64 to price a portfolio, to achieve the same accuracy of ACE64, Defendants would need to run their sequences every night for 10 hours for one month.

31. I have examined Defendants' production of sequence development and testing files, in 5 CD's bates stamped CGM07077-81 (the "Sequence Development File and Testing File Production" or the "Production"), and concluded that, like the ACE test results productions, they have been heavily tampered with.

32. The vast majority of Defendants' Sequence Development File and Testing File Production are contained in the four folders entitled **Redacted** ", " **Redacted** ", " **Redacted** ", and " **Redacted** ", in the four out of the five CD's (CGM07077-80) Cleary these files are all purportedly dedicated to the selection and testing of LDS200.   However, *all* of these LDS200 files have "last modification date" in July 2005, five years *after* the LDS200 development and testing were completed.

33. Defendants completed their development and installation of LDS200 in **Redacted** In these folders with names like " **Redacted** " that indicating they were the development folders for the LDS200 development, I found a large number of new files and redundant files *created in July 2005*. In the **Redacted**

. None of the files in any of the **Redacted** could be in the original development files folders in **Redacted** when the LDS200 development was completed.

34. The "Date modified" stamp on each of these files indicates that these **Redacte** were copied serially, one download after another, non-stop, into the **Redacted** , starting at noon and finishing at 1 pm, approximately, on July 11, 2005.

35. I have been informed that Defendants refused to produce a single copy of updated RCS files, and refused to produce a single copy of TYB-RCS files.   If Defendants wanted to produce RCS files in 2005, they could have produced a single copy of RCS files, like they had already done so in CGM176 and 177. Even if these identical folders and files were created in 2000 rather than 2005, I cannot see any reason any programmer would want to copy **Redacted** in his development folders to confuse himself. These large numbers of identical and redundant folders and files did cause confusion and difficulty to my analysis.